MATRIX HOLDINGS LIMITED
美力時集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1005)

2026 INTERIM RESULTS ANNOUNCEMENT

The board (the "**Board**") of directors (the "**Directors**") of Matrix Holdings Limited (the "**Company**") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2026, together with the comparative figures for the corresponding period in 2025.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
	Note	**2026**	2025
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**305,231**	238,025
Cost of sales		**(186,052)**	(147,394)
Gross profit		**119,179**	90,631
Other income		**446**	1,171
Other gains or losses		**(1,745)**	25,520
Distribution and selling costs		**(49,828)**	(58,873)
Administrative expenses		**(58,449)**	(65,731)
Research and development costs		**(1,582)**	(1,124)
Finance costs		**(3,021)**	(3,238)
Profit/(loss) before tax		**5,000**	(11,644)
Income tax expense	*5*	**(8)**	(227)
Profit/(loss) for the period	*6*	**4,992**	(11,871)

* *For identification purpose only*

	Note	Six months ended 30 June **2026** *HK$'000* **(Unaudited)**	2025 *HK$'000* (Unaudited)
Other comprehensive income/(loss) for the period, net of tax			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(386)**	(23,455)
Total comprehensive income/(loss) for the period, net of tax		**4,606**	(35,326)
Profit/(loss) for the period attributable to:			
Owners of the Company		**4,899**	(12,240)
Non-controlling interests		**93**	369
		4,992	(11,871)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		**4,398**	(34,591)
Non-controlling interests		**208**	(735)
		4,606	(35,326)
Earnings/(loss) per share attributable to owners of the Company for the period (expressed in HK cents per share)			
Basic earnings/(loss) per share	*8*	**0.65**	(1.62)
Diluted earnings/(loss) per share	*8*	**0.65**	(1.62)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Note	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**71,233**	73,992
Right-of-use assets		**33,780**	35,916
Deposits	*9*	**101,942**	101,096
		206,955	211,004
Current assets			
Inventories		**257,518**	257,181
Contract assets		**9,817**	3,485
Trade and bills receivables	*9*	**116,091**	87,196
Prepayments, deposits and other receivables	*9*	**25,368**	22,022
Income tax recoverable		**1,939**	1,939
Bank and cash balances		**21,688**	54,270
		432,421	426,093
Current liabilities			
Trade payables	*10*	**60,188**	47,462
Accruals and other payables	*10*	**72,332**	83,548
Contract liabilities		**8,450**	7,864
Bank and other borrowings		**14,195**	9,016
Lease liabilities		**18,194**	17,559
Amounts due to directors	*11*	**85,926**	86,683
Income tax payable		**9,497**	9,497
		268,782	261,629
Net current assets		**163,639**	164,464
Total assets less current liabilities		**370,594**	375,468

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Non-current liabilities		
Lease liabilities	**76,427**	85,921
Deferred tax liabilities	**2,368**	2,354
	78,795	88,275
NET ASSETS	**291,799**	287,193
Capital and reserves		
Share capital	**75,620**	75,620
Reserves	**228,776**	224,378
Equity attributable to owners of the Company	**304,396**	299,998
Non-controlling interests	**(12,597)**	(12,805)
TOTAL EQUITY	**291,799**	287,193

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. GENERAL INFORMATION

The principal activity of Matrix Holdings Limited (the "**Company**") is investment holding.

The Company and its subsidiaries (collectively referred to as the "**Group**"), are principally engaged in the manufacturing and trading of toys and lighting products.

The Company is an exempted limited liability company incorporated in Bermuda. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). This condensed consolidated financial statements are presented in thousands of Hong Kong dollar ("**HK$'000**"), unless otherwise stated.

This condensed consolidated financial statements were approved for issue on 25 August 2026. This condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

Going Concern

The condensed consolidated financial statements have been prepared on a going concern basis. As at 30 June 2026, the Group had cash and bank balances of HK$21,688,000, while total lease liabilities, amounts due to directors and bank and other borrowings amounted to HK$194,742,000, of which HK$118,315,000 was classified as current liabilities. In addition, the Group incurred a net cash outflows from operating activities of HK$20,709,000 for the six months then ended. These conditions indicate the existence of liquidity challenges and a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern that required careful assessment by the directors.

In evaluating the appropriateness of the going concern basis, the directors have given due consideration to the Group's future liquidity position and performance, including available sources of financing, for a period of at least twelve months from 30 June 2026. This assessment incorporates the following key plans and measures adopted to mitigate liquidity pressures and enhance cash flows:

i) In February 2026, the Group drawn down bank loans of HK$5,136,000 under secured banking facilities of approximately HK$11 million from a financial institution for its operations. The directors intend to negotiate renewal of these banking facilities upon their maturity at the end of November 2026.

ii) The Group continues to pursue cost control measures and resource optimisation initiatives aimed at reducing operating and administrative expenses while maintaining disciplined capital expenditure. Furthermore, the directors anticipate revenue growth through the securing of additional customer orders, with this projection supported by discussions and non-binding indications of interest from existing and prospective customers.

iii) In January 2025, the Company entered into a loan agreement with Mr. Cheng Yung Pun ("**Mr. Cheng**"), the major shareholder and a director of the Company pursuant to which Mr. Cheng agrees to make available to the Company, and the Company agrees to borrow from Mr. Cheng, at its sole discretion, provide loan advances to the Company from time to time upon the request by the Company. Mr. Cheng shall have no obligation to make any advance, and each advance shall be subject to Mr. Cheng's prior consent. In March 2025, Mr. Cheng entered into another loan agreement with a subsidiary of the Group pursuant to which Mr. Cheng granted a loan facility totalling VND33,482,000,000 (equivalent to HK$9,987,000) to the subsidiary. Up to 30 June 2026, the Group received advances of approximately HK$83,768,000 from Mr. Cheng, for procurement of raw materials and working capital purposes. Mr. Cheng has confirmed that he will not demand repayment of these advances until the Company has sufficient financial resources to do so without adversely impacting its business operations and ongoing viability.

The directors have reviewed the Group's cash flow projections covering at least twelve months from 30 June 2026, including the underlying assumptions and the mitigating actions described above. Based on these projections, and absent unforeseeable circumstances, the directors consider that, assuming successful execution of the plans and measures outlined, the Group will maintain sufficient working capital to fund its operations and meet its financial obligations as they fall due over this period.

A significant component of these forecasts is the projected increase in sales revenue, expected primarily from incremental customer orders based on ongoing customer discussions and non-binding indications of interest. The directors view these discussions as providing a reasonable foundation for the anticipated growth. Nevertheless, this element involves substantial estimation uncertainty, as realisation depends on factors beyond the Group's control, such as customers' final decisions to commit, market and economic conditions, competitive environment, and the actual timing and scale of orders. Consequently, actual results could differ materially from those forecasted.

The directors' assessment of the going concern basis required significant judgement, particularly regarding the achievability and timing of the sales growth projections, the extent of secured customer commitments, and the reliability and effectiveness of the other mitigating plans and measures. The directors are satisfied that, having regard to the foregoing, it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 June 2026 on a going concern basis.

Should the Group fail to successfully implement the aforementioned plans and measures, adjustments would be required to reduce the carrying amounts of assets to their recoverable amounts, to recognize any additional liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2025.

Except as described below, the accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2025.

Application of amendments to HKFRSs

In the current Reporting Period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments
Amendments to HKFRS Accounting Standards	Presentation and Disclosure in Financial Statements

The application of the amendments to the Reporting Period has had no material impact on the Group's financial positions and performance for the Reporting Period and prior periods and/or on the disclosures set out in these condensed consolidated financial statements of the Group.

4. SEGMENT INFORMATION

The operating segments of the Group are determined based on information reported to the executive directors of the Company, being the chief operating decision makers ("**CODM**"), for the purpose of resource allocation and performance assessment. The executive directors consider the business from both product and service perspective. They have identified that the Group is principally engaged in two distinct operating and reportable segments which are subject to different business risks and economic characteristics. The two reportable operating segments are as follows:

Manufacturing	–	Manufacture and sales of toys and lighting products
Property development	–	Development of properties for sale

The executive directors of the Company considered the operating activities of manufacturing and sales of toys and lighting products as a single operating segment.

For the purpose of monitoring segment performances and allocating resources between segments:

– Segment profits or losses do not include other income, other gains and losses, central administrative costs, finance costs and income taxes;

– Segment assets do not include income tax recoverable and corporate assets managed on a central basis; and

– Segment liabilities do not include deferred tax liabilities, income tax payable and other corporate liabilities.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

For the six months ended 30 June 2026 (unaudited)

	Manufacturing *HK$'000*	**Property development** *HK$'000*	**Consolidated** *HK$'000*
Revenue from external customers	**305,231**	**–**	**305,231**
Segment results	**10,898**	**(63)**	**10,835**
Other income			**446**
Other gains or losses			**(1,745)**
Unallocated corporate expenses			**(1,515)**
Finance costs			**(3,021)**
Profit before tax			**5,000**

For the six months ended 30 June 2025 (unaudited)

	Manufacturing *HK$'000*	Property development *HK$'000*	Consolidated *HK$'000*
Revenue from external customers	238,025	–	238,025
Segment results	(33,326)	–	(33,326)
Other income			1,171
Other gains or losses			25,520
Unallocated corporate expenses			(1,771)
Finance costs			(3,238)
Loss before tax			(11,644)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

At 30 June 2026

	Manufacturing *HK$'000*	**Property development** *HK$'000*	**Consolidated** *HK$'000*
ASSETS			
Segment assets	**393,512**	**241,319**	**634,831**
Unallocated assets			
– Income tax recoverable			**1,939**
– Other corporate assets			**2,606**
Total assets			**639,376**
LIABILITIES			
Segment liabilities	**318,930**	**9,102**	**328,032**
Unallocated liabilities			
– Deferred tax liabilities			**2,368**
– Income tax payable			**9,497**
– Other corporate liabilities			**7,680**
Total liabilities			**347,577**

At 31 December 2025

	Manufacturing *HK$'000*	Property development *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	393,304	239,598	632,902
Unallocated assets			
– Income tax recoverable			1,939
– Other corporate assets			2,256
Total assets			637,097
LIABILITIES			
Segment liabilities	328,011	9,028	337,039
Unallocated liabilities			
– Deferred tax liabilities			2,354
– Income tax payable			9,497
– Other corporate liabilities			1,014
Total liabilities			349,904

(c) Geographical information

The Group's operations are located in Hong Kong, Vietnam, The United states of America, Canada, Europe, the PRC, Australia and New Zealand, Mexico and other countries.

Information about the Group's revenue is presented on the geographical locations of the customers and information about the Group's non-current assets is presented based on the geographical locations of the assets:

	Revenue from external customers Six months ended 30 June,		**Non-current assets**	
			30 June,	31 December,
	2026	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**–**	–	**114**	263
Vietnam	**–**	–	**167,414**	169,266
The United States of America	**223,184**	163,316	**11**	11
The PRC	**–**	–	**26,538**	27,183
Europe	**44,968**	36,848	**6,947**	8,362
Canada	**23,894**	24,697	**–**	–
Australia and New Zealand	**5,378**	8,740	**647**	895
South America	**1,256**	606	**–**	–
Mexico	**3,718**	3,460	**–**	–
Other countries	**2,833**	358	**–**	–
	305,231	238,025	**201,557**	205,717
	305,231	238,025	**201,671**	205,980

Note: The above non-current assets excluded rental and other deposits.

(d) Information about major customers:

For the six months ended 30 June 2026, there are 3 customers (2025: 2 customers) in the United States of America with revenue amounted to approximately HK$67,513,000 (2025: N/A), HK$53,796,000 (2025: HK$63,265,000) and HK$52,178,000 (2025: HK$47,560,000), contributing to approximately 22.1%, 17.6% and 17.1% (2025: N/A, 26.6% and 20.0%) of the total revenue of the Group. The revenue was derived from sales of toys from the manufacturing segment.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	**–**	–
Other jurisdictions	**8**	227
Income tax expense	**8**	227

- Under the two tiered profits tax regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two tiered profits tax regime will continue to be taxed at a flat rate of 16.5%.

- The applicable tax rates for subsidiaries operating in Vietnam is 10% to 20% for the six months ended 30 June 2026 (2025: 10% to 20%).

- The applicable US enterprise income tax rate for subsidiaries operating in the United States is 21% (2025: 21%) for the period.

6. PROFIT/(LOSS) FOR THE PERIOD

Certain expenses included in cost of sales, distribution and selling costs, administrative expenses, research and development costs and other gains or losses are analysed as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Auditor's remuneration	**3,122**	2,850
Depreciation of property, plant and equipment	**7,859**	9,112
Depreciation of right-of-use assets	**1,949**	3,859
Short-term lease expenses	**1,690**	3,919
Net exchange loss/(gain)	**2,024**	(25,438)

7. DIVIDEND

No final dividend that relates to the year ended 31 December 2025 was paid during the current period (2024 final dividend in total: HK$7,562,000).

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2026 (2025 interim dividend: HK1 cent per share).

8. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share are calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company	**4,899**	(12,240)
Number of shares		
Weighted average number of ordinary shares in issue	**756,203,000**	756,203,000

The diluted earnings/(loss) per share for the six months ended 30 June 2026 and 2025 is the same as earnings/(loss) per share as there were no potential dilutive shares during the period.

9. TRADE AND BILLS RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2026 *HK$'000* (Unaudited)	31 December 2025 *HK$'000* (Audited)
Trade and bills receivables – contract with customers	**123,853**	94,938
Less: allowance for doubtful debts	**(7,762)**	(7,742)
	116,091	87,196
Other receivables, deposits and prepayments	**127,310**	123,118
Less: Non-current portion	**(101,942)**	(101,096)
	141,459	109,218

The Group allows a credit period of 14 to 90 days to its customers. The ageing analysis of trade and bills receivables based on the invoice date, and net of allowance is as follows:

	30 June 2026 *HK$'000* (Unaudited)	31 December 2025 *HK$'000* (Audited)
0–60 days	**44,182**	65,372
61–90 days	**34,908**	9,098
More than 90 days	**37,001**	12,726
	116,091	87,196

10. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	30 June 2026 *HK$'000* (Unaudited)	31 December 2025 *HK$'000* (Audited)
Trade payables	**60,188**	47,462
Accruals and other payables		
Accrued employee benefit expenses	**18,406**	21,263
Royalty payable	**15,954**	21,188
Other payables and accruals	**37,972**	41,097
	72,332	83,548
	132,520	131,010

The ageing analysis of the trade payables based on invoice date is as follows:

	30 June 2026	31 December 2025
	HK\$'000	*HK\$'000*
	(Unaudited)	(Audited)
0–60 days	**34,923**	31,303
61–90 days	**8,900**	4,452
More than 90 days	**16,365**	11,707
	60,188	47,462

11. AMOUNTS DUE TO DIRECTORS

Pursuant to the loan agreement dated 2 March 2025 entered into between a subsidiary of the Group and Mr. Cheng, as supplemented by a supplementary agreement dated 1 May 2026 extending the loan term from 12 months to 24 months, Mr. Cheng granted a loan totaling of VND33,482,000,000 (equivalent to HK$9,918,000) to the subsidiary. The loan had been drawn down by the Group and is unsecured, interest-free and repayable within 24 months from the date of drawdown.

Apart from the aforesaid amount due, the remaining amounts due are unsecured, non-interesting bearing and repayable on demand.

12. CAPITAL COMMITMENTS

As at 30 June 2026, the capital commitments contracted but not provided for in the condensed consolidated interim financial information of the Group were HK$187,000 (31 December 2025: HK$1,383,000).

MANAGEMENT DISCUSSION & ANALYSIS

For the six months ended 30 June 2026, the Group's consolidated revenue increased by approximately HK$67,206,000, or approximately 28.2%, to approximately HK$305,231,000, compared with approximately HK$238,025,000 for the corresponding period in 2025. Profit attributable to owners of the Company for the period was approximately HK$4,899,000, representing approximately 140% turnaround from last corresponding period's approximately HK$12,240,000 loss. The improvement in the Group's financial performance was primarily attributable to an increase in sales volume of Original Equipment Manufacturing (OEM) related sales and the implementation of effective cost control measures. Related operating expenses declined, driven by ongoing cost-saving initiatives, enhanced automation and a reduction in headcount.

The increase in revenue resulting from securing a new major customer and sustained demand in the United States market, supported by the successful launch of new product lines and improvements in sales channels, which enhanced sales volume. The improved sales and profitability from the Group's OEM businesses contributed positively to the overall financial performance and further broadened the Group's customer base.

During the period, consumer demand in the United States remained generally stable. Although there were no material direct tariff impacts on the Group's operations in 2026, the evolving geopolitical landscape, including changes in United States trade policies and political uncertainties, led to cautious customer behaviour and some fluctuations in order timing. Nevertheless, the overall impact on the Group's performance remained manageable. The Group continued to capitalise on technological advancements by enhancing production capabilities, streamlining business processes and maintaining prudent control over operating costs.

FINANCIAL REVIEW

Revenue

Revenue for the period recorded approximately HK$305,231,000, increased by 28.2% from last period resulting from securing a new major customer and sustained demand in the US market. The successful launch of new product offerings, along with the enhancement of sales channels contributed to increased sales volumes.

Gross profit

The Group's gross profit for the period increased by approximately 31.5% to approximately HK$119,179,000, which was in line with the increase in sales.

Other gains or losses

Other gains and losses primarily represents the net exchange loss for the current period, while the other gains or losses for last period mainly consists of net exchange gain and gain on disposal of property, plant and equipment.

Distribution and selling costs

Distribution and selling costs decreased by approximately 15.4% to approximately HK$49,828,000 for the period. The decrease was mainly attributable to the decrease in staff salaries and advertising expenses.

Administrative expenses

Administrative expenses for the period decreased by approximately 11.1% to approximately HK$58,449,000, which mainly consisted of office staff salaries, rent and rates of offices, depreciation of property, plant and equipment and other administrative expenses.

Finance costs and income tax

Finance costs of the period decreased by approximately 6.7% to approximately HK$3,021,000 as compared to last period due to the decrease in the interest of lease liabilities. Income tax expense for the period recorded approximately HK$8,000 as compared to income tax expense of approximately HK$227,000 of last period due to the decrease in income tax expense.

Trade and bills receivables, prepayment, deposits and other receivables

Trade and bills receivables of the period increased by approximately 33.1% to approximately HK$116,091,000 as compared to last period, mainly attributed from the increase in sales. Prepayment, deposit and other receivables of current portion increased by approximately 15.2% to approximately HK$25,368,000, mainly due to the increase in prepayments.

Trade payables, accruals and other payables

Trade payables of the period increased by approximately 26.8% to approximately HK$60,188,000 as compared to last period, mainly due to the expansion of our manufacturing business. Accruals and other payables decreased by approximately 13.4% to approximately HK$72,332,000, mainly due to the decrease in sundry creditors.

Quick ratio and current ratio

The quick ratio and current ratio of the period decreased mainly due to the increase in amounts due to directors.

Financial position and cash flows review

The Group recorded a net cash outflow from operating activities of approximately HK$20,709,000 for the period, as compared to a net cash outflow of HK$26,288,000 in last period.

Banking facilities and pledge of assets

As at 30 June 2026, the Group has banking facilities of VND37,000,000,000 (equivalent to approximately HK$11,036,000). Property, plant and equipment and inventories with a total amount VND354,347,000,000 (equivalent to approximately HK$10,569,000) as well as equity interest of certain subsidiaries of the Group were pledged to secure the general banking facilities granted to the Group.

Going Concern

The consolidated unaudited financial statements have been prepared on a going concern basis. As at 30 June 2026, the Group had cash and bank balances of HK$21,688,000, while total lease liabilities, amounts due to directors and bank and other borrowings amounted to HK$194,742,000, of which HK$118,315,000 was classified as current liabilities. The Group recorded a net cash outflows from operating activities of HK$20,709,000 for the period under review. These conditions reflect liquidity challenges and indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern that required careful assessment by the directors.

In evaluating the Group's ability to continue as a going concern, the directors have considered the Group's liquidity position, performance outlook, and available financing sources for a period of at least twelve months from 30 June 2026. The assessment incorporates the following key measures:

- Secured banking facilities: In February 2026, the Group drew down approximately HK$5 million under banking facilities of approximately HK$11 million, for operational purposes. The directors intend to negotiate the renewal of these facilities upon their maturity in November 2026.

- Operational efficiency initiatives: The Group continues to implement cost control measures and resource optimisation strategies to reduce operating and administrative expenses, while maintaining disciplined capital expenditure. The directors have also resolved that capital expenditure will be carefully monitored and, if necessary, deferred or scaled back to preserve liquidity.

- Revenue growth initiatives: Revenue growth is anticipated through securing additional customer orders, supported by ongoing discussions and non-binding indications of interest from existing and prospective customers.

- Shareholder support: In January 2025, the Group entered into a loan agreement with Mr. Cheng Yung Pun, the major shareholder and a director of the Group pursuant to which Mr. Cheng agrees to make available to the Group and the Group agrees to borrow from Mr. Cheng at its sole discretion and provide loan advances to the Group from time to time upon the request by the Group. Mr. Cheng shall have no obligation to make any advance, and each advance shall be subject to Mr. Cheng's prior consent. In March 2025, Mr. Cheng entered into another loan agreement with a subsidiary of the Group pursuant to which Mr. Cheng granted a loan facility totalling VND33,482,000,000 (equivalent to HK$9,987,000) to the subsidiary. Up to 30 June 2026, the Group received net advances of approximately HK$83,768,000 from Mr. Cheng, for procurement of raw materials and working capital purposes. Mr. Cheng has confirmed that he will not demand repayment of these advances until the Group has sufficient financial resources to do so without adversely impacting its business operations and ongoing viability.

- Asset realisation strategy: The directors have also considered the option of disposing of certain properties to generate additional working capital. Proceeds from such disposals, if executed, would be directed toward financing the Group's trade business and strengthening liquidity.

The directors have reviewed cash flow projections covering at least twelve months from 30 June 2026. These projections, together with the mitigating actions outlined above, indicate that the Group would maintain sufficient working capital to fund operations and meet obligations as they fall due, assuming successful execution of the plans described.

A significant component of these forecasts is the projected increase in sales revenue, expected primarily from incremental customer orders. While management considers ongoing customer discussions a reasonable basis for this projection, it acknowledges that this involves substantial estimation uncertainty, as outcomes depend on factors beyond the Group's control, including market conditions, competitive dynamics, and customer decisions. Consequently, actual results could differ materially from those forecasted.

The directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. However, should the Group fail to implement the plans and measures described, adjustments would be required to reduce asset carrying amounts, recognise additional liabilities, and reclassify non-current items as current. These adjustments have not been reflected in the consolidated financial statements.

Management also notes that while the toy market shows signs of recovery, operations remain subject to external risks, including geopolitical tensions, exchange rate fluctuations, oil price volatility, vessel freight costs and availability, and rapid changes in tariff rates. The Group will continue to operate cautiously, with management reviewing risks regularly and reporting to the board of directors. Contingency actions, including reductions in operational and staff costs, deferral of capital expenditure, and asset disposals, will be taken if unexpected circumstances arise.

Capital expenditure and commitment

During the period, the Group acquired property, plant and equipment at a cost of approximately HK$5,666,000 (31 December 2025: HK$16,686,000) for the facilities. These capital expenditures were financed primarily by internal fund.

Assets and liabilities

At 30 June 2026, the Group had total assets of approximately HK$639,376,000 (31 December 2025: HK$637,097,000), total liabilities of approximately HK$347,577,000 (31 December 2025: HK$349,904,000) and equity attributable to owners of the Company of approximately HK$304,396,000 (31 December 2025: HK$299,998,000). The net assets of the Group increased by 1.6% to approximately HK$291,799,000 as at 30 June 2026 (31 December 2025: HK$287,193,000).

Significant investment and acquisition

There was no significant investment and acquisition for the period ended 30 June 2026.

Significant disposal/Important event

There was no significant disposal/important corporate event for the period ended 30 June 2026.

Subsequent events

No significant subsequent events have occurred in respect of the Group between the end of the reporting period and the date of this announcement.

No material change

During the reporting period and up to the date of this announcement, there have been no material events or changes that have had, or are expected to have, a material impact on the Group's business operations.

Exchange rate risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk. Certain bank balances, trade receivables and trade payables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

BUSINESS REVIEW

Manufacturing Operation

The U.S. toy market in 2026 has demonstrated accelerated momentum, building on the recovery observed in 2025. According to US industry data, the market recorded growth in the first half-year of 2026 compared to the same period in 2025, outpacing most other discretionary categories. This growth reflects a combination of higher average selling prices and increased unit sales, supported by growing demand for licensed products and collectibles products. Simultaneously, traditional categories such as outdoor and sports toys, plush and dolls have faced ongoing headwinds, remaining below prior peak levels amid shifting play patterns and increased competition from digital entertainment.

In light of these market conditions, the Group deepened its penetration in growth product segments, which contributed to significant sales growth in Original Equipment Manufacturing ("**OEM**") products, as well as in certain Original Brand Manufacturing ("**OBM**") products, including "Might Fleet" and the new product "Powershots", and Original Design Manufacturing ("**ODM**") licensed products such as "SpongeBob SquarePants" and "CAT". These gains helped offset declines in other OBM product lines, including "Gazillion", "Fart Ninjas" and "Furlings", as well as the ODM brand product "Teenage Mutant Ninja Turtles". The Group responded effectively to changing market dynamics through customer-centric product innovation and enhanced after-sales support, which supported customer retention and repeat purchases. Although uncertainties remain in the economic and political environment, the Group's proactive and agile strategies helped mitigate adverse impacts and sustain profitability for the period ended 30 June 2026. In particular, the sales growth of the ODM brand "SpongeBob SquarePants" and the OBM brand "Powershots" contributed materially to this resilience.

In response to market headwinds, the Group focused on strengthening customer loyalty in North America and Europe by refining its product offerings and optimising inventory management. It remained committed to its OEM business and core brand strategy while launching new marketing campaigns for key brands such as "CAT" and "SpongeBob SquarePants". To further broaden its product portfolio and address market challenges, the Group introduced new OBM products, including "Powershots". At the same time, the Group continued to implement cost control initiatives and advance automation to enhance operational efficiency. Despite the challenging operating environment, the Group maintained a disciplined and financially prudent approach.

The Group's principal manufacturing facility is located in Vietnam. Leveraging its established market position, the Group has undertaken a restructuring of its plant operations and strengthened its supply chain management, resulting in improved cost efficiency. The Group has also enhanced its competitiveness by expanding production capacity and improving product quality through the adoption of localized production and management practices, supported by continuous advancements in automation across its manufacturing processes.

Property Development

The Company has strategically strengthened its presence in Vietnam through the acquisition of land parcels in Da Nang City by its subsidiary. This initiative aligns with the Group's broader strategy to diversify its business portfolio and capitalise on the growth potential of Vietnam's property market. Leveraging its established regional presence and management expertise, the Group intends to pursue property development opportunities with a view to expanding its asset base and enhancing recurring income streams.

Progress on the proposed land acquisition was delayed as a result of the restructuring of the Vietnamese government since 2025. The Company is actively facilitating coordination between the target company and the newly established government agencies to meet the relevant requirements for obtaining the land use right certificates, and is taking appropriate measures to advance the property project.

Following a comprehensive assessment of market conditions, resource availability and other relevant factors in Vietnam, the Group will continue to pursue property development activities in 2026.

ENVIRONMENTAL PROTECTION

The Group believes that maintaining a healthy and harmonious relationship with its stakeholders and fulfilling its social responsibilities to the community is essential for building and preserving the value of the Group. Adhering to the principle of Reducing, Recycling and Reusing, the Group encourages green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off lightings and electrical appliances, and will consider implementing further eco-friendly measures and practices in the operation of the Group's business. Further information on other environmental protection initiatives implemented at the factories is set out in the Environmental, Social and Governance Report section of the 2025 Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those that have significant impact on the Group. The Board and internal audit and risk management department delegated by the Board monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. In accordance with the requirements of the laws, regulations and related policies in Hong Kong, the PRC, Vietnam and other relevant jurisdictions, the Company provides and maintains statutory benefits for its staff, including but not limited to mandatory provident fund, basic medical insurance and labour insurance. All employees are entitled to statutory holidays. The Group has registered its products, domain name and trademarks in Hong Kong, the PRC and other relevant jurisdictions and takes all appropriate actions to protect and enforce.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group acknowledges that employees, customers and business partners are crucial to its sustainable growth. The Group is hence committed to building up close and caring relationship with its employees, providing excellent service to its customers and enhancing partnership with its business partners.

PROSPECTS

Manufacturing Operation

Overall, the outlook for the US toy industry in 2026 is broadly positive, supported by licensed products, collectibles, hobby-oriented toys and brand-oriented products. However, tariffs, inflation, consumer confidence and credit pressures remain key risks for the industry. Looking ahead, if the industry continues to focus on innovation and customer-oriented products, the toy sector is expected to remain resilient, although the pace of growth may moderate. The main uncertainties remain at the macroeconomic level, particularly geopolitical conflicts, inflation and a slowdown in discretionary consumer spending, which could affect pricing and profit margins. Nevertheless, the Group has measures in place to mitigate and manage the associated uncertainties.

In addition, the Group will prioritise product innovation and the development of licensed brands. To navigate global economic and geopolitical uncertainties, the Group will pursue a flexible strategy aimed at diversifying its product portfolio and deepening customer engagement. Companies capable of responding swiftly to evolving market conditions are generally better positioned to sustain growth and preserve competitiveness. Additionally, the Group will continue to manage its financial resources and cash reserves prudently to bolster resilience amid challenging market conditions.

From a manufacturing perspective, the Group will continue to invest in automation and process optimisation to improve efficiency and deliver long-term value to shareholders.

Property Development

Sustained growth in Southeast Asia, particularly in Vietnam, has reinforced our confidence in regional investment opportunities. The Group is capitalising on this momentum by strategically evaluating investment opportunities in the Vietnamese real estate market.

Accordingly, the Company has established four strategic pillars, namely production innovation, global sales expansion, operational excellence and maintaining sustainability, to drive sustainable growth and deliver long-term value to shareholders. The Group implements this strategy through continued investment in research and development, disciplined expansion into international markets, optimisation of operational efficiency, and a steadfast commitment to responsible manufacturing practices.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

Refer to note 2 to the condensed consolidated financial statements, which indicates that as at 30 June 2026, the Group had cash and bank balances of HK$21,688,000, while total lease liabilities, amounts due to directors, bank and other borrowings amounted to HK$194,742,000, of which HK$118,315,000 was classified as current liabilities. In addition, the Group recorded net cash outflows from operating activities of HK$20,709,000 during the period ended 30 June 2026. These conditions, along with other matters as set forth in note 2 to the condensed consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group had a total of approximately 2,200 (31 December 2025: 2,200) employees in Hong Kong, the PRC, Vietnam, Australia, the US, Canada, Mexico and Europe. The Group provides its employees with competitive remuneration packages commensurate to the level of pay established by the market trend in comparable businesses. A mandatory provident fund scheme and respective local retirement schemes also had been set up by our Group.

INTERIM DIVIDEND

The Board has adopted a prudent approach to cash management, retaining funds for the Group's ongoing operations and future expansion. Accordingly, the Board has resolved not to declare an interim dividend for the six month ended 30 June 2026 (2025 interim dividend: HK1 cent per share). The Board intends to enhance investors' return by generating long-term investment value.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As the Company continues to develop, the Board and executive management will continue to monitor and review the Company's governance policies to ensure that they remain aligned with prevailing rules and standards. The Group also keeps its policies and procedures under regular review to ensure ongoing compliance with applicable laws and regulations, industry normal practices, and global trends.

The Company has complied with the applicable code provisions of the Corporate Governance Code contained in Appendix C1 (the "**CG Code**") of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the period ended 30 June 2026 to its corporate governance structure and practices.

None of the directors of the Company is aware of information that would reasonably indicate the Company is not or was not for any part of the period under review, in compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX C3 OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the code of conduct governing securities transactions by the directors of the Company. The Model Code has also been extended to the relevant employee or senior management (if applicable) who is likely to possess information. Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2026.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2026 have been reviewed by the Audit Committee, who are of the opinion that these interim results comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited and the Company. The 2026 Interim Report of the Company will be dispatched to the shareholders of the Company as well as published on the website of the Hong Kong Exchanges and Clearing Limited and the Company in due course.

BOARD COMPOSITION

As at the date of this announcement, the Board consists of Mr. Cheng Yung Pun, Mr. Cheng King Cheung, Mr. Cheng Kin Cheong, Ms. Yip Hiu Har, and Ms. Shirley Marie Price as executive directors; Mr. Mak Shiu Chung, Godfrey, Mr. Heng Victor Ja Wei and Mr. Chui Ka Hing as independent non-executive directors.

By Order of the Board
Cheng Yung Pun
Chairman

Hong Kong, 25 August 2026